has also reported to RBI in March, 1997 about development of Letter of Credit opened by a group company. Further, CRBCML fraudulently overdrew its accounts with the State Bank of India, Mumbai Main Branch (MMB) for payment of interest warrants, deposits refunds and brokerage warrants by an amount of over Rs. 58 crores (provisional). Keeping in view the findings of the inspection carried out by RBI between November, 1996 and January, 1997 and the subsequent developments, especially relating to State Bank of India (SBI), RBI issued prohibitory orders in April, 1997 under section 45MB(1) & (2) of RBI Act directing the company not to accept any further deposits and not to alienate any assets without prior permission of RBI.

As per the information available with RBI, the company has issued over 1,30,000 Fixed Deposit Receipts for an amount of Rs. 186 crores (provisional). Additionally, various financial institutions have an estimated exposure of about Rs. 152 crores (provisional). These are the figures according to the information available so far and are purely provisional and subject to further confirmation. RBI filed a winding up petition in the Delhi High Court under section 45 MC of the RBI Act on 21.5.1997. A provisional Liquidator has been appointed by the Delhi High Court. The Liquidator has initiated action to crystallize the assets and liabilities of the company. The issue of settlement of claims of creditors is now subjudice and would proceed as per the directions of Delhi High Court and relevant provisions of law.

(e) Keeping in view the twin needs of providing adequate protection to the depositors and maintaining the stability of the financial system, the Parliament has recently enacted amendments to the Reserve Bank of India Act, for regulating Non-Banking Finance Companies (NBFCs) which *inter-alia,* include mandatory requirements for registration, minimum net owned funds, maintenance of liquid assets, compulsory transfer of certain proportion of profits to reserves and empowering the Company Law Board to look into the cases of non repayment of deposits. These measures would facilitate continued liquidity and solvency of NBFCs and are expected to go a long way in enabling the NBFCs to meet the liabilities of depositors as and when they accrue. Operationally, RBI has initiated action to strengthen the supervisory mechanism in the light of the recommendations of the Khanna Committee.

Tarapore Committee Report on Capital Account Convertibility

687. PROF. RAM KAPSE: Will the Minister of FINANCE be pleased to state:

(a) whether Government have received a Report of the Tarapore Committee on capital account convertibility;

(b) if so, what are the important recommendations;

(c) whether certain sectors like banking have opposed certain recommendations of the report;

(d) the details of such recommendations and reasons for opposition put forth by the banking sector; and

(e) the decision, if any, taken by Government on such recommendations?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) Yes, Sir.

(b) Based on an assessment of macro-economic conditions, the Committee is of the considered view that the time now is opportune to initiate a move towards capital account convertibility. The Committee, however, recognises that the initial conditions do contain certain weaknesses and the entrenchment of preconditions can be achieved in the Indian context only over a period of time. The establishment of the preconditions need to be viewed as processes rather than as one time indicators. The Committee, therefore, recommended that the implementation of capital account convertibility be spread over a three year period 1997-98 to 1999-2000.

(c) and (d) As per information received from the Reserve Bank of India, there is no information about the opposition to certain recommendations by certain sectors like banking.

(e) The recommendations of the Committee are being examined by the Government and the Reserve Bank of India and a decision on the acceptance/implementation of the recommendations will be taken as soon as the process of examination of the Report is complete.

Complaints by Patna office of RBI against Helios group and JVG finance group

688. PROF. RAM KAPSE: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Patna Office of the RBI has made certain complaints against the Helios group and JVG finance group, Mumbai;

(b) if so, the details of the complaints and action taken by the H.O. of RBI;

(c) if not, the reasons therefor; and

(d) details of other financing groups similarly placed and details of complaints in respect thereof received by RBI H.O., Mumbai?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) to (c) Reserve Bank of India (RBI) have reported that their Patna Office has not made any complaint against the Helios Group or JVG Finance Company. However, during the course of inspection of the said Group of Companies by RBI's Calcutta and Delhi Office respectively certain irregularities have come to light. After issuing the show cause notices, the explanation of the companies were called for. In the case of Helios Group, orders were issued prohibiting the acceptance of further deposits as also alienating of its assets without prior approval of Reserve Bank of India, since the inspection had revealed adverse financial position, indicating that the company may not be able to meet its deposit liabilities in full.

As regards JVG Finance Ltd., RBI have stated that as the company has partly complied with certain requirements and further given certain assurances and sought a brief time for rectifying the irregularities, the future course of action has been kept in abeyance. In the meantime, the company was advised on July 3, 1997 that the fixed deposit portfolio should be put on liquidation basis till the level of existing deposits come down to the eligible level. Further the auditors of the company should certify that the company has not accepted any fresh deposits, on a monthly basis. At the same time the company should not default in the repayment of deposits of maturity.

(d) On the basis of findings of inspection, certain other companies have also been prohibited from acceptance of deposits such as Asia pacific Investment Trust Ltd., Global Finance Corporation Ltd. Further the following companies coming under the jurisdiction of Patna Office of RBI are also issued prohibitory orders.

1. The Social Welfare Savings & Finance Ltd.
2. Barl India Finance & Investment Ltd.
3. Prolate Company Ltd.
4. Manav Sandhan Vikash Finance & Investment Ltd.
5. Prestigious Finance & Investment Ltd.

Such prohibitions are also given due publicity in the press to caution the general public.

राष्ट्रीयकृत बैंकों में धोखाधड़ी के मामले

689. **प्रो विजय कुमार मल्होत्रा :** क्या वित्त मंत्री यह बताने की कृपा करेंगे कि **:**

(क) गत तीन वर्षों के दौरान राष्ट्रीयकृत बैंकों में धोखाधड़ी के बैंक-वार कितने मामले प्रकाश में आए,

(ख) इन मामलों में कितने बैंक कमी दोषी पाए गए,

(ग) कितने व्यक्तियों के विरुद्ध मुकदमें चलाए गए, और

(घ) कितने व्यक्तियों को कितनी-कितनी सजा हुई ?

वित्त मंत्रालय में राज्य मंत्री (श्री सतपाल महाराज) : (क) पिछले तीन वर्षो अर्थात 1994,1995 और 1996 के दौरान राष्ट्रीय बैंकों में पाई गई धोखा-धड़ियों की बैंकवार स्थिति में संबंधित सूचना संलग्न विवरण में दी गई हैं (नीचे देखिए)।